

LINE OF BUSINESS: Boiler & Machinery

LINE(S) OF INSURANCE
Boiler and Machinery

CODES
27.0000

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IF CHECKLIST IS NOT APPLICABLE,
PLEASE EXPLAIN: _____

REVIEW REQUIREMENTS	REFERENCE	DESCRIPTION OF REVIEW STANDARDS REQUIREMENTS	LOCATION OF STANDARD IN FILING
GENERAL REQUIREMENTS FOR ALL FILINGS			
EXEMPTION	MCLA 500.2401(2)(d)	When you place the prominent warning statement of MCLA 500.2236(8)(e)(ii) in each of your policies, you should not submit a filing to us as you are exempt from the requirements of Chapters 22 and 24 of the Michigan Insurance Code unless the Commissioner subsequently finds that competition does not exist for this type of coverage. The prominent warning statement will apply to the entire commercial package policy because it cannot be applied to just one type of coverage when multi-coverages are written.	
COPIES, RETURN ENVELOPES, ETC.	Procedures Manual for Non-SERFF Filings	All filings must include a copy of the cover letter along with a self-addressed stamped envelope.	
COVER LETTER AND EXPLANATORY MEMORANDUM	Procedures Manual for Non-SERFF Filings	All filings must include a cover letter and all filings except for new program filings must contain a filing memorandum that identifies and explains changes to previously filed policy forms, endorsements, rules, and rates by form number, rule number, and manual page number.	

REVIEW REQUIREMENTS	REFERENCE	DESCRIPTION OF REVIEW STANDARDS REQUIREMENTS	LOCATION OF STANDARD IN FILING
FILING SUBMISSION & EFFECTIVE DATE WORDING	MCLA 500.2406 MCLA 500.2430	The insurer can specify a date to begin using the program or revised rates/rules. It must be on or after the date that we receive the filing. However, if the filing is submitted as prior approval, you must specify a date that is 15 days after the date we receive the filing and we have 15 days to review and disapprove the filing and we can issue another 15 extension for review and disapproval.	
LIMITATIONS/RESTRICTIONS ON TRANSACTING BUSINESS	MCLA 500.640	An insurer transacting business in this state shall not expose itself to any loss on any 1 risk or hazard in an amount exceeding 10% of its paid-up capital and surplus. However, no portion of a risk or hazard that has been reinsured in an insurer licensed to do insurance business in this state shall be included in determining the limitation of risk prescribed in this section.	
Line of Authority	MCLA 500.402 MCLA 500.624(1)(a)	No person shall act as an insurer and no insurer shall issue any policy or otherwise transact insurance in this state except as authorized by a subsisting certificate of authority granted to it by the commissioner pursuant to this code.	
NO FILE OR FILING EXEMPTIONS	Bulletin 97-03 MCLA 500.2236	Forms are exempt from filing. Insurers must maintain a list of exempt forms at their home office that we may request from time to time.	
THIRD PARTY FILERS AUTHORITY	MCLA 500.2406(2)	An insurer may satisfy its obligation to make filings under subsection (1) by becoming a member of, or a subscriber to, a rating organization licensed under chapter 24 or chapter 26 which makes those filings, and by filing with the commissioner a copy of its authorization of the rating organization to make those filings on its behalf.	

REVIEW REQUIREMENTS	REFERENCE	DESCRIPTION OF REVIEW STANDARDS REQUIREMENTS	LOCATION OF STANDARD IN FILING
	Procedures Manual for Non-SERFF Filings	General authority to third party must be granted with a letter from insurance company.	
GENERAL REQUIREMENTS FOR ALL FILINGS			
FORMS—POLICY PROVISIONS			
AMBIGUOUS & MISLEADING	MCLA 500.2236(5)	Upon written notice to the insurer, the commissioner may disapprove, withdraw approval or prohibit the issuance, advertising or delivery of any form to any person in this state if it violates any provisions of this act, or contains inconsistent, ambiguous or misleading clauses, or contains exceptions and conditions that unreasonably or deceptively affect the risk purported to be assumed in the general coverage of the policy.	
	MCLA 500.2005a	An unfair method of competition and an unfair or deceptive act or practice in the business of insurance means the making, issuing, circulating an estimate, illustration, circular, statement, sales presentation, or comparison which by omission of a material fact or incorrect statement of a material fact causes a misrepresentation.	
BANKRUPTCY PROVISIONS	MCLA 500.3004	No policy shall be issued unless it contains provisions as required in section 3006.	
	MCLA 500.3006	Insolvency or bankruptcy of the insured shall not release the insurer from payment of damages.	
CANCELLATION & NON-RENEWAL	MCLA 500.3020	The insurer cannot cancel with less than 10 days notice.	
FORMS—POLICY PROVISIONS			

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DISCRIMINATION	MCLA 500.2027	It is unfair and deceptive to refuse to insure, or refuse to continue to insure, or limit the amount of coverage available to an individual or risk because of race, color, creed, marital status, sex, or national origin, residence, age, disability, or lawful occupation of the individual, or location of the risk, unless there is a reasonable relationship established between the classification and the extent of the risk.	
	MCLA 500.2403(1)(d)	Rates cannot be unfairly discriminatory. Thus, they must be supported by sound actuarial principles.	
FORMS—POLICY PROVISIONS			
NOTICE REQUIREMENTS	MCLA 500.3004	No policy shall be issued unless it contains provisions as required in section 3008.	
	MCLA 500.3008	There shall be a provision that notice given by or on behalf of the insured to any authorized agent of the insurer shall be deemed to be notice to the insurer; also a provision that failure to give any notice required to be given by such policy within the time specified shall not invalidate any claim made if it shall be shown not to have been reasonably possible to give such notice and that notice was given as soon as was reasonably possible.	
LOSS SETTLEMENTS Payment of Loss Time Period	MCLA 500.2006	Claims must be paid within 60 days of receipt of proof of loss or 12% interest is added.	
FORMS—POLICY PROVISIONS			
READABILITY	MCLA 500.2236(3)	Not less than 8 point type with a readability score of 45 or higher.	
RATE, RULE, RATING PLAN, CLASSIFICATION, AND TERRITORY FILING REQUIREMENTS			
PRICING	MCLA 500.2403(1)(d)	Rates shall not be excessive, inadequate, or unfairly discriminatory.	

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Premiums	Administrative Rules 500.1205	For the purposes of section 2403(1)(d) of the code, a rate is unreasonably high for the insurance coverage provided if it is unreasonably high in relation to anticipated losses or expenses, or both, or to the uncertainty of loss for the insurance coverage provided.	
RATE, RULE, RATING PLAN, CLASSIFICATION, AND TERRITORY FILING REQUIREMENTS			
RATE RANGES	R 500.1207	A reasonable classification system is a system designed to group individuals or risks with similar characteristics into rating classifications which are likely to identify significant differences in mean anticipated losses or expenses, or both, between the groups, as determined by sound actuarial principles and by actual and credible loss and expense statistics or, in the case of new coverages or classifications, by reasonably anticipated loss and expense experience.	
Schedule Rating & Expense Modification Plans	Bulletin 2000-04	+/- 25% maximum for schedule rating type plans	
Competition	MCLA 500.2403(1)(d)	A rate shall not be held to be excessive unless the rate is unreasonably high for the insurance coverage provided and a reasonable degree of competition does not exist with respect to the classification, kind, or type of risks to which the rate is applicable.	
Expenses	R 500.1207	A rate is not unfairly discriminatory because it reflects differences in anticipated expenses for classifications of risks with similar anticipated losses or because it reflects differences in anticipated losses for classifications of risks with similar anticipated expenses.	

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Experience	R 500.1207	That data used in developing classifications and rates are derived from the experience of a population or sample of risks that is sufficiently similar to the anticipated insured population.	
Judgment	Commissioner Order No. 81-3055-M Procedures Manual for Non-SERFF Filings	Programs and specific classifications that do not develop sufficient data to accurately rate risks that fall therein can be judgment rated. After an (a) – rate rule is submitted and approved, the insurer must maintain a record for each policyholder for not less than 3 years from the expiration date of the policy. You shall make the (a) – rate information for all policyholders available for review when requested by OFIS.	
Individual Risk Rating	Procedures Manual for Non-SERFF Filings	Must utilize filing form FIS 0797 to request approval of different rates for specific policyholders (rates that are different from those you wish to remain on file for underwriting all other policyholders).	
SUPPORTING DATA	Bulletin 94-5 MCLA 500.2403(1)(d)	Support is not required to be submitted with the filing. However, we may subsequently ask you to provide justification for your rates. A rate is reasonably justified by differences in losses, expenses, or both, or by differences in the uncertainty of loss for the individuals or risks to which the rates apply. A reasonable justification shall be supported by a reasonable classification system; by sound actuarial principles when applicable; and by actual and credible loss and expense statistics	
OTHER	MCLA 500.2416 MCLA 500.2418	The Commissioner can issue a disapproval of your filing within 15 or 30 days depending upon whether a review extension has been sent. Also, the Commissioner can issue a withdrawal of approval when he/she subsequently identifies unacceptable rules and/or rates.	